

REMARKS

At the time of the Office Action dated March 28, 2003, claims 1-6 were pending and rejected in this application. New claim 7 has been added. Care has been exercised to avoid the introduction of new matter. New claim 7 recites that the fees are for lending the security and the fees for borrowing the security are matched such that one is equivalent to the other, and adequate descriptive support for these limitations can be found throughout the originally-filed disclosure, for example, on the second full paragraph on page 10. Applicant submits that the present Amendment does not generate any new matter issue.

Claims 1-5 are rejected under 35 U.S.C. § 103 for obviousness based upon Zandi, U.S. Patent No. 5,966,699, in view of Chichilnisky, U.S. Publication No. 2002/0032642

On pages two through four of the Office Action, the Examiner concluded that one having ordinary skill in the art would have been motivated to combine Zandi in view of Chichilnisky to arrive at the claimed invention. This rejection is respectfully traversed.

Applicant notes that the Examiner has referred to column 6, lines 1-67 and column 8, lines 1-67 of Zandi to teach all of the claimed limitations except that "Zandi, explicitly, does not disclose mutual exchange of securities." In this regard, Applicant submits that the Examiner's rejection has failed to comport to the provisions of 37 C.F.R. § 1.104(c), which is reproduced below:

In rejecting claims for want of novelty or for obviousness, the examiner must cite the best references at his or her command. When a reference is complex or shows or describes inventions other than that claimed by the applicant, the particular part relied on must be designated as nearly as practicable. The pertinence of each reference, if not apparent, must be clearly explained and each rejected claim specified. (emphasis added)

By only citing to essentially columns 6 and 8, the Examiner has failed to designate, as nearly as practicable, the portions of Zandi being relied upon. As an example, the Examiner has not identified the specific teachings in Zandi that teach or suggest the following limitations:

receiving a plurality of first indications of offers,
wherein the offers are to borrow a security from respective lenders, and
wherein each offer indicates a corresponding quantity and a corresponding fee.

It should be noted that the above-identified limitations are a non-exhaustive example of all the limitations the Examiner has failed to clearly designate within the teachings of Zandi.

The Examiner has the initial burden of proof in establishing a prima basis case of obviousness. However, by failing to clearly designate the particular parts in Zandi being relied upon, the Examiner has impermissibly shifted the initial burden of proof on Applicant to establish that Zandi fails to disclose the claimed features. Therefore, Applicant respectfully submits that the Examiner's rejection is defective for failing to comply with § 1.104(c) of the Patent Rules.

Applicant also takes issue with the Examiner's characterization of Zandi (i.e., "Zandi, explicitly, does not disclose mutual exchange of securities"), as not fully stating the failings of Zandi. The following is a quote from Applicant's Petition to Make Special dated January 30, 2002:

Zandi relates to system for conducting an electronic loan auction such that a prospective borrower may choose among bids with the most favorable terms. As such, *Zandi* relates to the lending and the borrowing of money (column 1, lines 6-11). The electronic loan system of *Zandi*, however, fails to disclose a system and methodology of lending and borrowing of securities. Importantly, a security and money are not identical. They are considerably different transactions, made by different parties in different market settings.

Thus, merely characterizing the difference between Zandi and the claimed invention as Zandi only fails to disclose "mutual exchange of securities" does not do justice to the differences between the teachings of Zandi and the invention as recited in the claims.

With regard to the required motivation to combine Zandi in view of Chichilnisky, the Examiner asserted the following:

It would have been obvious to one of ordinary skill in the art at the time the Applicant's invention was made to modify disclosure of Zandi and include lending and borrow of securities, as taught by Chichilnisky, to expand the lending service to new products.

The requisite motivation to support the ultimate legal conclusion of obviousness under 35 U.S.C. § 103 is not an abstract concept, but must stem from the applied prior art as a whole and have realistically impelled one having ordinary skill in the art to combine specific references to arrive at a specifically claimed invention.¹ The mere identification of claim features in disparate references does not establish the requisite realistic motivation to support the ultimate legal conclusion of obviousness under 35 U.S.C. § 103.² Moreover, a generalization does not establish the requisite motivation to modify a specific reference in a specific manner to arrive at a specifically claimed invention.³ Rather, a burden is imposed upon the Examiner to identify a source in the applied prior art for each claim limitation and identify a source for the requisite realistic motivation to modify a particular reference in a particular manner to arrive at a specifically claimed invention.⁴ This burden, however, has not been met.

The Examiner's asserted motivation of "to expand the lending service to new products" is nothing more than a generalization that is factually unsupported by the applied prior art. The Examiner has failed to identify a source within Chichilnisky for the Examiner's asserted motivation

¹ In re Deuel, 51 F.3d 1552, 34 USPQ2d 1210 (Fed. Cir. 1995); In re Newell, 891 F.2d 899, 13 USPQ2d 1248 (Fed. Cir. 1989).

² Grain Processing Corp. v. American-Maize Products Co., 840 F.2d 902, 5 USPQ2d 1788 (Fed. Cir. 1988).

³ In re Deuel, *supra*.

⁴ Smiths Industries Medical System v. Vital Signs Inc., 183 F.3d 1347, 51 USPQ2d 1415 (Fed. Cir. 1999); In re Mayne, 104 F.3d 1339, 41 USPQ2d 1451 (Fed. Cir. 1997).

to combine Zandi and Chichilnisky, and it is not apparent that this motivation can be found within Chichilnisky.

Applicant also notes that the Examiner has failed to establish that either Zandi or Chichilnisky, alone or in combination, teach or suggest a plurality of second indications of offers to borrow a security from borrowers in which each of the offers to borrow indicates a corresponding quantity of the security and a corresponding fee. The Examiner has also failed to establish that either Zandi or Chichilnisky, alone or in combination, teach matching the quantity of the security and the corresponding fee with a quantity/fee from a plurality of first indications of offer to lend the security. The borrowers in Zandi do not indicate either a quantity of a security or a corresponding fee, and the transactions in Chichilnisky are not described as including corresponding fees within the offers to lend or borrow. Accordingly, even if one having ordinary skill in the art were motivated to combine Zandi in view of Chichilnisky, the claimed invention would not result.

As a prima facie case of obviousness has not been established to reject claims 1-5 under 35 U.S.C. § 103 for obviousness based upon Zandi in view of Chichilnisky for lack of the requisite motivation to combine and lack of a teaching within the applied prior art of all the claimed limitations, Applicant respectfully solicits withdrawal thereof. New claim 7 distinguishes over the applied prior art in the same manner that claim 1 distinguishes over the combination of Zandi in view of Chichilnisky.

Claim 6 is rejected under 35 U.S.C. § 103 for obviousness based upon Zandi in view of Chichilnisky and Huberman, U.S. Patent No. 6,078,906

On page four of the Office Action, the Examiner concluded that one having ordinary skill in the art would have been motivated to combine Zandi and Chichilnisky in view of Huberman to arrive at the claimed invention. This rejection is respectfully traversed.

Claim 6 depends ultimately from independent claim 3, and Applicant incorporates herein the arguments previously advanced in traversing the imposed rejection of claim 3 under 35 U.S.C. § 103 for obviousness based upon Zandi in view of Chichilnisky. Specifically, the Examiner has not established a proper motivation to combine these two references, and even if these references were combined, the claimed invention would not result. The tertiary reference to Huberman does not cure the noted deficiencies of Zandi and Chichilnisky. Accordingly, the proposed combination of references would not yield the claimed invention. Applicant, therefore, respectfully submits that the imposed rejection of claim 6 under 35 U.S.C. § 103 for obviousness predicated upon Zandi in view of Chichilnisky and Huberman is not viable and, hence, solicits withdrawal thereof.

In the second enumerated paragraph on page five of the Office Action, the Examiner stated the following:

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR 1.111(c) to consider the references fully when responding to this action.

U.S. Patent Nos. 6,408,282 and 6,058,379 were described as "pertinent" by the Examiner, but were not cited in a rejection. As such, these patents do not fall under 37 C.F.R. § 1.111(c), which only applies to "references cited." Thus, Applicant is not required to discuss U.S. Patent Nos.

6,408,282 and 6,058,379 under 37 C.F.R. § 1.111(c) because these patents were not cited in a rejection.

Applicant notes that this analysis is consistent with the initial burden of proof of establishing patentability being initially upon the Examiner and not the Applicant. If an Applicant was required to discuss a reference under 37 C.F.R. § 1.111(c) based solely on an Examiner describing that the reference was pertinent but without the Examiner rejecting any claim based upon this reference, the Applicant would then be forced to establish why the particular reference did not teach or suggest the claimed invention without the Examiner first establishing why the particular reference rendered the claimed invention unpatentable. Such a situation, as described, would impermissibly place the initial burden of establishing patentability upon Applicant. For this reason, Applicant is not required to discuss under 37 C.F.R. § 1.111(c) any reference not cited by the Examiner.

Applicant has made every effort to present claims which distinguish over the prior art, and it is believed that all claims are in condition for allowance. However, Applicant invites the Examiner to call the undersigned if it is believed that a telephonic interview would expedite the prosecution of the application to an allowance. Accordingly, and in view of the foregoing remarks, Applicant hereby respectfully requests reconsideration and prompt allowance of the pending claims.

To the extent necessary, a petition for an extension of time under 37 C.F.R. § 1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper,

Application No.: 09/890,815

including extension of time fees, to Deposit Account 500417, and please credit any excess fees to such deposit account.

Respectfully submitted,

MCDERMOTT, WILL & EMERY

A handwritten signature in black ink, appearing to read 'Scott D. Paul', written over a horizontal line.

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